



APPROVED MINUTES
Idaho Soil Conservation Commission
Location: Idaho Department of Fish and Game
Trophy Room
600 South Walnut
Boise, Idaho
March 22, 2006

The Idaho Soil Conservation Commission (ISCC) held its regular, bi-monthly meeting on March 22, 2006 at the offices of the Idaho State Department of Fish and Game, 600 South Walnut, Boise, Idaho in the trophy room. Those present at the meeting included the following:

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Governor
Dirk Kempthorne

Commission members
J. Morgan Evans
Gary Grindstaff
Bill Flory
Dwight Horsch
Richard Rush

Administrator
Jerry Nicolescu

Members: J. Morgan Evans, Chairman
Gary Grindstaff, Vice-Chairman
Dick Rush

Members not Present: Dwight Horsch

Advisors: Kyle Hawley, IASCD

Advisors not present: Rich Sims, NRCS
Paul McCawley, University of Idaho (U of I)

Others: Jerry Nicolescu, ISCC
Brenda Thomasson, ISCC
Christy Mastin, ISCC
Kathie Shea, ISCC
Tony Bennett, ISCC
Biff Burleigh, ISCC
Debbie Tiede, IDEA
Kent Foster, IASCD
Jennifer Ambrose, ISCC
Scott Koberg, IASCD
Janet Hohle, ISCC
Patrick Takasugi, ISDA
Claude Bruce, IASCD Division III Director
Lynn Tominaga, Idaho Water Users
Chuck Pollock, Lower Payette Ditch Co.
Ron Shurtliffe, Lower Payette Ditch Company

Welcome/Announcements

Chairman Evans welcomed everyone and called the meeting to order at 8:30 A.M. Dick Rush was introduced as one of the two new Commission members. Introductions were made around the room. The other new member, Dwight Horsch, was unable to attend the meeting due to having had surgery on Monday. He will be introduced during the May meeting.

Minutes

Evans asked if all had read the minutes. All members stated that they had read the minutes. Grindstaff moved to approve the minutes. Rush seconded. Motion carried.

Financial Reports

February 2006 RCRDP Financial Report

Mastin reviewed the RCRDP financial statement with the members, explaining that there had not been many disbursements over the winter, but that disbursements are starting to pick up now. Preston-Whitney has also asked for the disbursements to begin on their loan. Biff and Christy have been working together to get loans disbursed. Grindstaff moved to approve the RCRDP financial report. Rush seconded. Motion carried.

February 2006 General Fund Report

Thomasson distributed copies of the February financial report, explaining that she had not received the report from ISDA's Fiscal office in time to mail it out prior to the meeting. Overall, the budget is in good shape. Permission has been requested and received to order one additional vehicle because of TSP funds earned and the vehicles requested and tentatively approved for the FY07 budget have been ordered. A large balance still remains in PCA 93501, the CREP program, but we are working closely with the Governor's office to ensure that these monies are not forfeited at fiscal year end. Grindstaff moved to approve the financial report. Rush seconded and the motion carried. Grindstaff was excused from the meeting to attend another meeting for two hours. He will return at approximately 11:00 a.m.

Little Salmon River Project Proposal

Janet Hohle distributed copies of implementation projects for the Lower and Little Salmon Rivers. She has been working with the Idaho SWCD on the project, which will involve multiple agencies and funding sources. Hohle asked that the Commission sponsor this project and participate as a funding partner. The project would hire the Bureau of Rec and develop a modeling system for project ideas. Landslides on Highway 95 impact the water quality and fish habitat in the river along the highway. This project could also provide information for the TMDL implementation plan for the Lower Little Salmon River. The project lies in Adams and Idaho counties. Ultimately, both districts would be involved in the implementation, and county governments must endorse the projects. Idaho County has provided a letter of support. Adams County

also supports the project, but would like to coordinate with the local WAG before providing a letter of support. The estimated cost for the entire project is \$243,512. Rush asked why the Idaho Department of Transportation was not listed as a participant. Hohle reported that they have been in touch with IDT, but that IDT is not willing to commit any funds at this time. They are scheduled to do road improvements in this area, so their contribution could be an in-kind match. Nicolescu clarified that Hohle is asking for the Commission to sign on as the project sponsor and serve as the fiscal agent. The funds would come to the Commission and we would disburse them. Rush asked if the local districts were involved. Hohle stated that the Idaho board is aware of the project but no formal information has been provided to the Adams SWCD yet. Other sources are still being reviewed for funding, so the final request to the Commission should be for a smaller amount. The project addresses multiple fish species and other habitat concerns. Rush strongly suggested that we consider this proposal. They hope to have the funding sources lined up quickly so that they can begin the work in September or October.

Cooperative Conservation Partnership Initiative (Rapid Watershed Assessment)

Tony Bennett distributed copies of the Project Abstract for the Idaho Rapid Watershed Assessment, a grant that the Commission has applied for to assist NRCS with watershed assessments for TMDL completion. NRCS would like to complete 84 Hydrological Unit assessments in a short amount of time, basically one every two weeks.

Carbon Sequestration

Bennett distributed a report summarizing the activities pertaining to Carbon Sequestration. The advisory committee has made a number of recommendations for action in 2005/2006. A Memorandum of Understanding has been signed with the Big Sky Regional Carbon Sequestration Partnership. The model that has been developed does not yet include Idaho, so that is one of the first challenges to overcome. Bennett has also worked on a Conservation Innovation Grant with the University of Idaho. Two pilot areas have been identified for carbon trading, one in northern Idaho and one in Eastern Idaho. One of the challenges of this grant was the need for \$25,000 cash, which the Commission did not have available. The group is still working on ways to bring this grant to life. HB466, which adds three additional members to the Carbon Sequestration Advisory Committee, has gone to the Governor for signature.

Leadership Meeting

On April 6th, field staff leaders will be in Boise for a meeting to review the workload for the upcoming field season. Bennett distributed an agenda for the meeting and invited the Members to attend if they are available. Rush asked Bennett to explain what was meant by field leaders. Bennett explained that these individuals are members of the field staff who have excelled in their jobs and have been moved into leadership/mentoring roles out in the field. There is one person in each area of the state fulfilling these responsibilities.

QuickBooks Software

Shea explained the QuickBooks issues and the need to upgrade the software by 2007 since the software manufacturer will no longer provide support for the 2004 version after that time. Some of the Districts have voiced concerns about security of the system and the Commission has been looking in to ways to address those concerns. The online version would not require the program to be installed on individual computers, and could be accessed from any computer with internet access if you had the user name and password. The software is similar to the software used by banks, with heightened firewall security and daily back-ups, off-site. The current version prompts Districts to do a back-up, but it can be ignored. Districts on NRCS networks do have their information back-up daily. Shea reviewed the other comparisons between the Districts current QuickBooks software and the proposed QuickBooks on-line version. Multiple levels of security and access are incorporated into the system. Shea also compared each of the features and reviewed the pros and cons of each proposed system, QuickBooks Online and Remount Accounting Solutions. The largest drawback to the online system is that there are fourteen districts that currently do not have access to the high-speed internet connection which improves use of the software. A majority of these Districts could get access through the NRCS computer network. Nicolescu requested permission to send this information out to the Districts and give them a chance to comment on the potential upgrade. Rush pointed out that the security features are only as good as those that use it. Password protection does not work if the passwords are left on sticky notes.

Latah SCD

Nicolescu reported that he had held a meeting with members of the Latah Board after the last Commission meeting. The information requested by the Board has been delayed until after the results of the legislative audit being conducted currently in concurrence with ISDA. This is the first year in at least 20 years that the Commission has been a large part of the audit. There have been a number of questions raised in the audit, including how the Commissions programs fit what is defined in Idaho Code. Some of the questions that Latah has asked for answers about have been delayed until the results of the audit are received. Accountability issues in code need clarification, probably from the Attorney General's office. There will be some suggestions and some options available when the audit is completed, probably by mid-April.

Legislative Audit

There has not been any one item currently identified as a "finding" for the audit. A finding would include a planned wrong-doing, or deliberately breaking the rules. On the whole, controls need to be tightened up, or better controls need to be implemented. The auditors will be leaving no later than mid-April. Learning about the Commission as a non-regulatory agency has been a challenge for the auditors. The report will go to the Director, the Deputy Director and the Fiscal Officer of the Idaho State Department of Agriculture. An unofficial copy will be provided to the Commission at the same time. The staff and Commissioners have welcomed the audit and are looking forward to the report. A trend analysis is being developed for the Commission's programs. Mastin explained that every program should follow a trend, but because our

loan programs did not follow the expected trend, questions arose that were answered by staff. The auditor will still have some suggestions for changes in the loan program. Rush commented that as a new member, having the audit occur at the beginning of his term is wonderful. There will probably be some changes in how costs are paid out in the program. Hawley stated that he is looking forward to the results of the audit. One of the issues will likely be the authority issues and the relationship of the Commission as a government body and Districts as voluntary entities. Evans asked how long we might have to wait for an opinion if we need to go to the Attorney Generals' office. Nicolescu responded that this may not be viewed as a high priority, so it might take some time to secure an opinion. There are some prior attorney general's opinions relating to the relationship between the Commission and ISDA. Evans stated that so much good is being done, but unfortunately, the emphasis is often placed on the few problems that do exist.

District Match – Policy Discussion

Recently, two districts (Franklin and Payette) have requested additional clarification on the issue of what constitutes matching funds for the Districts as it relates to their allocations. We need to get a clarification on what is considered "other local units of government". The Franklin District has interpreted the statute as including irrigation districts, and other entities. Payette has also asked for a similar clarification. In March 1998, the Commission enacted a policy, which is still in effect, that states that eligible match is limited to towns, cities, or counties in the local district. This policy needs to be reviewed. Rush asked if there is a cap on the funds allocated. Every District receives at least \$5,000, prior to any match. There is no cap on the match, but it is based upon how much the legislature appropriates for the match. Foster asked if this is an issue that Districts should have input on. If this is done through a resolution from the Districts, it might be limited in its effect based on the Attorney General's opinion. Districts have already built their budgets this year. Hawley recommends that the Commission set a policy this year for their budget setting, but then allow the Districts to introduce a resolution to address the funding issues. There also needs to be clarification that if funds are allocated for special projects would those funds be eligible for match, rather than funds that are given for general purposes?

CREP Program

Nicolescu gave an update on the status of the CREP program. It looks like it will be roughly the first of May before applications are solicited for this program. Chuck Pentzer has been appointed as the statewide coordinator for the CREP program. As soon as we are given the green light to go ahead with the program, steps are in place to fill the two remaining positions. We have been assured that we will not lose the funding or the positions after July 1 if no decision has been made at that point. Three people will not be enough to deal with this workload if it hits all at once, so other field staff will probably be temporarily detailed to assist with the programs start-up. The Commission will handle the sign-up incentive payments. The legislature appropriated \$3,000,000 that was to be sent to the groundwater districts for payment. The rumor is now that the groundwater districts will now not have to return those funds to Idaho Water Resources. As of March 21, 2006, USDA had not signed off on the program and

there has not been a bill for the five million dollars moving through the legislature. Bonneville and Power counties are not eligible for the CREP program because they have already reached their CRP limit. There is an issue of 30,000 acres in Bannock County which may go into CRP.

SRF Program

The State Revolving Fund program only allows one sign-up period each year – in February or March. DEQ staff then reviews the applications and then ranks them for funding. The only way the Commission's SRF program receives funding is if one of the top ten applications drop out. This was not the intent of the program. The intent was that five percent of the funds would be available for projects proposed by the Commission. Whatever funds are allowed should be ranked separately for non-point source issues. If the \$6,000,000 available to the SCC is not used, then DEQ would be able to use those funds for other projects. There will be further discussion later today and decisions will need to be made on funding the projects to be presented this afternoon. The policy currently is that four percent interest is charged on the loans for the SRF project.

IDEA Report

Tiede reported that 48 out of 51 Districts have paid their dues for the Idaho District Employees Association. IDEA uses these funds to provide scholarships and new employee training to new District administrative assistants. IDEA also receives funds from the Commission, NRCS and Idaho Association of Soil Conservation Districts to help with some of the costs of seminars and other training. IDEA also makes money from their annual rifle raffle. IDEA employees provide secretarial assistance during the annual conference, supports Envirothon, the Forestry Contest and the Land Judging Conference. They are developing workshops for the Pacific Regional Meeting which is coming up in June, and workshops for the Idaho Association of Soil Conservation Districts conference in November. The workshops in June will be on contracts and public relations. The contracts workshop has invited Janice Stanton of NRCS to conduct the workshop. Rush thanked Tiede for the report and stated that he has met several of IDEA members, and praised the dedication of the staff in keeping projects going.

Idaho Association of Soil Conservation Districts Report

Foster reported on the upcoming NACD Western States Conference. Idaho is hosting the meeting this year at the Doubletree Hotel in Boise. A brief agenda has been sent out announcing this meeting. The meeting will be June 10 through June 14, beginning with the Western Coalition. There will be a tour on Tuesday. Steve Miller, Division IV Director, is taking the lead on planning.

Foster also reported that his assistant, Marlene Able, has just returned to work on a limited basis following surgery. She will be able to return to work full time within the next two weeks. Foster next reported that a presentation was made to the Legislature; both the House and Senate ag committees, following the Commission's budget

presentation. The presentation explained how the Association and Districts leverage funds and the types of projects Districts are involved in, ending with a plea for the Districts to receive a full two to one match in the Commission's budget. Although no additional funds were appropriated, the Association was invited to return and give another presentation next year. Hawley added that five of the six Directors attended the national conference in Houston. Almost all of the sessions were attended between the five members. Hawley stated that it was one of the better conferences he had been too. Steve Miller will be attending an NACD leadership training in Washington D.C. Senator Crapo will be leading one of the workshops. Hawley stated that while the Association was very well received by the legislature, he would like to have an audience with the Governor to discuss increased funding to the Commission for Districts.

Commissioner Grindstaff was welcomed back to the meeting at 11:00 a.m...

RCRDP Loan Application Reviews

Mastin reviewed the RCRDP program satisfaction survey results that she has compiled so far. She also reported on the assistance she is now receiving from support staff to help input the loan data information. Mastin will be requesting a teleconference in April, as she already has two completed loans and seven additional pending applications that will be ready to go by then. Mastin then began presenting loan requests to the members for review.

Callie and Jack Bailes – North Side SWCD

Mastin presented the loan request of Callie and Jack Bailes. This project is to convert from surface irrigation to a center pivot. Power and a mainline are included in the project costs and the Bailes have an EQIP contract. Details of the loan request are listed below:

Signing Parties: Callie and Jack Bailes			
Loan Amount:	\$ 60,000	Term: 5 years	Rate: 3%
Conditions:	<ul style="list-style-type: none">· ISCC to be secured by an insured 2nd R/E mortgage on 100 acres· Value of R/E to be established by an acceptable evaluation source· SCC to secure 1st lien on equipment to be purchased (UCC-1)· Secured equipment to be insured for life of loan		
Disposition:	Approved as recommended by loan officer.		

Grindstaff moved to approve the loan with the recommendations made by the loan officer. Rush seconded. After a brief discussion, Grindstaff amended his motion to

include EQIP funds of \$17,000 to be assigned upon completion of the loan. Rush seconded the amendment. After discussion, the motion on the amendment carried, and the motion carried.

Joe Haley – Balance Rock SCD

Mastin next presented the request Joe Haley requesting \$85,000 on a 15-year term at five percent interest. This project would replace an earthen ditch and gated pipe system with pivot irrigation (low head with hydraulic end gun booster). The average field slope is 2% for an estimated soil savings of 160 tons per year. Details of the loan are as follows:

Signing Parties: Joe Haley					
Loan Amount:	\$85,000	Term:	15 Years	Rate:	5%
Conditions:	<ul style="list-style-type: none">· ISCC to be secured by an insured 2nd R/E mortgage on 159 acres· Value of R/E to be established by an acceptable evaluation source· ISCC to secure 1st lien on equipment to be purchased (UCC-1)· Secured equipment to be insured for life of loan				
Disposition:	Approved as recommended by loan officer.				

Grindstaff moved to approve the loan. Rush seconded. During discussion, Rush asked why the balance sheet was not signed. Mastin explained that she had received a different form and then transferred the data. She assured the members that she does received signed financial information. The motion carried.

Jack W. Hyder- North Side SWCD

Mastin presented the request of Jack Hyder for \$20,000 to convert hay and pasture land from land lines to wheel lines to provide more efficient use of water and better management of resources. Soil erosion is below one inch. Water efficiency is 60% before and 70% after wheel lines are installed. Details of the loan request are listed below:

Signing Parties: Jack W. Hyder		
Loan Amount: \$20,000	Term: 7 Years	Rate: 5 %

Conditions: <ul style="list-style-type: none"> · ISCC to secure 1st lien on equipment (four wheel lines) to be purchased (UCC-1) · Secured equipment to be insured for life of loan
Disposition: Approved as recommended by the loan officer.

Grindstaff moved to approve the loan with the loan officer's recommendations. Rush seconded. There was no discussion and the motion carried.

Heath and Stephanie Gartner- Balanced Rock SCD

The loan request of Heath and Stephanie Gartner for \$40,000 on a seven year term at four percent interest was considered next. This project is to convert surface irrigation to a center pivot system with EQIP funds. Water efficiency increases from 40% to 85%. Soil runoff would be captured by Low Line Canal before getting into Cedar Draw. The loan officer is concerned that even with EQIP funds; the customer has too much debt associated with a recent purchase of real estate and equipment. Details of the loan request are listed below:

Signing Parties: Heath and Stephanie Gartner			
Loan Amount:	\$40,000	Term: 7 Years	Rate: 4 %
Conditions:	<ul style="list-style-type: none">· ISCC to secure 1st lien on equipment to be purchased (UCC-1)· (Center Pivot. pump)· Secured equipment to be insured for life of loan		
Disposition:	Denied		

Grindstaff moved that the loan be denied. Rush seconded. Although the project does provide substantial environmental benefits, his financial position with this additional loan might be somewhat tenuous. Rush asked if there were any other options for this applicant to be able to complete this project. Mastin explained some options that might be available, but none of them relieve the cash flow issue. At the conclusion of the discussion, the motion carried and the loan request was denied.

Stanley and Patricia Dowton – Custer SWCD

The next request presented was for Stanley and Patricia Dowton of the Custer SWCD for a \$60,000 on a seven year term at four percent interest. The Dowton's project would convert from flood irrigation to a center pivot. They will also install a variable speed pump to allow gravity flow and reduce electrical costs. Chinook Salmon and Steelhead will benefit from the increase in water flow as the Dowtons use less water for crop irrigation. Details of the loan request are listed below:

Signing Parties: Stanley and Patricia Dowton			
Loan Amount:	\$60,000	Term: 7 Years	Rate: 4 %
Conditions:	<ul style="list-style-type: none">o ISCC to secure 1st lien on equipment to be purchased (Center Pivot, pump) (UCC-1)o Secured equipment to be insured for life of loan		
Disposition:	Approved as recommended by the loan officer.		

Rush moved to approve the application with the recommendations made by the loan officer. Grindstaff seconded. Rush asked about tier rankings. Mastin explained that the rankings are used to determine how close the applicants are to the streams for TMDL affected segments. Grindstaff explained that these rankings have also been used to determine funding when there has not been as much money in the RCRDP program. At the conclusion of the discussion, the motion carried.

Wade and Vicki Beckman – West Side SWCD

Mastin presented the Beckman's request for a \$50,000 loan to convert from handline irrigation to a center pivot. There will be an increase in water efficiency from 65% to 85%. The Idaho Falls Subbasin Assessment and TMDL lists Birch Creek as impaired due to sediment. Details of the loan request appear below:

Signing Parties: Wade and Vicki Beckman
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Loan Amount:	\$50,000	Term:	7 years	Rate:	4 %
Conditions:	<ul style="list-style-type: none"> o ISCC to be secured by the pivot and pump o ISCC to secure 1st lien on equipment to be purchased (UCC-1) o Secured equipment to be insured for life of loan 				
Disposition:	Approved as recommended by the loan officer.				

Grindstaff moved to approve the loan. Rush seconded. During discussion, Rush questioned the fact that there is no soil savings, however there is an increase in water efficiency from the 65% to 85%. Motion carried.

Ryan Ward – Oneida SWCD

Mastin presented the loan request of Ryan Ward of the Oneida SWCD. This project has two parts; one is treatment of a livestock confinement area to meet ISDA beef cattle AFO requirements. The treatment includes berming and fencing to restrict cattle access to Devil Creek and off-site watering facilities. The second part of the project is to install a 50 HP electric pump for irrigation of 72 acres of hay. This pump will replace a propane powered pump which has become prohibitively expensive to operate. Mr. Ward has offered tractors and a digger as collateral, along with the pump. Mastin recommends using the tractors and the pump only as collateral without the 1970 JD Digger. Ward was recently approved for a Conservation Improvement Grant in January. He had a previous loan with the Commission which was paid to zero in 2000. Details of the request are listed below:

Signing Parties:	Ryan Ward				
Loan Amount:	\$ 15,000	Term:	7 years	Rate:	4%
Conditions:	<ul style="list-style-type: none"> · SCC to secure 1st lien on equipment to be purchased (pump) and by five tractors (UCC-1) · Secured equipment to be insured for life of loan 				
Disposition:	Approved as recommended by the loan officer				

Grindstaff moved to approve the loan request, not taking the 1970 tractor as collateral, but using the other tractors and pump as collateral. Rush seconded and the motion carried.

William & Ingrid Ray – West Side SWCD

Mastin next presented the request William & Ingrid Ray requesting \$85,000 on a 15-year term at five percent interest. This project would convert handline irrigation to a center pivot on leased property. There is not any soil savings estimated with a move from handlines to a center pivot. Mastin suggests reducing the loan amount to an 80% loan to current value of \$65,600. She also suggests receiving a subordination agreement from the landowner, Norma Torngren. Details of the loan request, as recommended by the loan officer, are listed below:

Signing Parties: William and Ingrid Ray		
Loan Amount: \$65,600	Term: 7 Years	Rate: 4%
Conditions:	<ul style="list-style-type: none">· ISCC to secure 1st lien on equipment to be purchased (2 Center Valley Pivots) (UCC-1)· Secured equipment to be insured for life of loan· Subordination agreement from Norma Torngren	
Disposition:	Approved as recommended by the loan officer.	

Grindstaff moved to reduce the loan amount to \$65,600, receive a subordination agreement from Norma Torngren and follow the other recommendations made by the loan officer. Rush seconded. During the discussion, Evans voiced a concern about putting conservation practices on leased land. This is a long term lease, which would cover the time-frame for repayment of the loan. Rush also noted that there is no soil savings for this project, but there are some increases in water efficiencies. The motion carried.

Frederic A. Brossy III – Wood River SCD

Mastin presented the request of Frederic Brossy, whose project is a new pivot to irrigate 40 acres presently surface irrigated with gated pipe, eliminating tail water runoff to the Little Wood River, as well as conserving irrigation water, allowing more water to be left in the river. Brossy has applied for EQIP, and is likely to be approved, although he does not have approval yet. Details of the loan request are as listed below:

Signing Parties: Frederic A. Brossy III		
Loan Amount: \$16,000	Term: 5 Years	Rate: 3 %
Conditions:	<ul style="list-style-type: none"> · ISCC to secure 1st lien on equipment (3 tower Zimmatic Center pivot) to be purchased (UCC-1) · Secured equipment to be insured for life of loan 	

Disposition: Approved as recommended by loan officer.
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Rush moved to approve the loan with the recommendations as made by the loan officer. Grindstaff seconded and the motion carried.

Kent & Virginia Kohring – Bruneau River SCD

The loan request of Kent Kohring for \$128,000 on a 15 year term at five percent interest was considered next. This project is to use approximately 10,110 feet of high pressure PVC pipe line to replace deteriorated concrete ditch and connecting two irrigation wells with an irrigation regulating pond serving several center pivots. There is no real soil erosion savings and there will be a small water savings in going from open ditch to pipe. He has a current ISCC loan on which all payments have been paid on time. Details of the loan request are as follows:

Signing Parties: Kent and Virginia Kohring					
Loan Amount:	\$128,000	Term:	15 Years	Rate:	5 %
Conditions:	<ul style="list-style-type: none">· ISCC to be secured by an insured 2nd R/E mortgage on 160 acres (behind ourselves)· Value of R/E has been established by an acceptable evaluation source·				
Disposition:	Approved as recommended by loan officer.				

Rush moved to approve the loan request as recommended by the loan officer. Grindstaff seconded. Grindstaff asked if the loan amount was greater than the current policy. Mastin replied that it was an exception to the policy. Rush asked about the e-coli situation found in the water. Mastin assumes this comes from the water above and this project would help to improve the situation. Motion carried.

Devon Mecham – North Bingham SCD

The next request presented was for Devon Mecham for a \$92,300 loan on a seven year term at four percent interest. The Mecham's project would convert from flood irrigation to two center pivots on two separate tracts of ground. Also included in the cost is dirt work to combine fields and fill ditches. The average field slope is one percent and water efficiency will increase from 50% to 85%. The project does impact ESA habitat of the bald eagle and trumpeter swan. Details of the loan request are listed below:

Signing Parties: Devon Mecham

Loan Amount:	\$92,300	Term:	7 Years	Rate:	4 %
Conditions:	<ul style="list-style-type: none"> o ISCC to secure 1st lien on equipment to be purchased (Two Center Pivots) (UCC-1) o Secured equipment to be insured for life of loan 				
Disposition:	Approved as recommended by the loan officer.				

Rush moved to approve the loan request as recommended by the loan officer. Grindstaff seconded. There appears to be substantial soil savings generated by the loan. Motion carried.

Jay Thomas – Bruneau River SCD

Mastin presented Mr. Thomas' request for a \$60,000 loan for 10 years at 4% to convert from wheel lines to a center pivot. The average field slope is 1.5%. ESA species is the Bruneau snail. Details of the loan request as suggested by the loan officer appear below:

Signing Parties:	Jay Thomas				
Loan Amount:	\$49,800	Term:	7 years	Rate:	4 %
Conditions:	<ul style="list-style-type: none"> o ISCC to be secured by the pivot and pump o ISCC to secure 1st lien on equipment to be purchased (UCC-1) o Secured equipment to be insured for life of loan o Receive signed Conservation Plan (Received) 				
Disposition:					

Grindstaff moved to reduce the loan amount to \$49,800 and approve the loan with the other conditions as recommended by the loan officer. Rush seconded and the motion carried.

Servicing Actions

Richard and Tony Kevan –A-432

Kevans are requesting to increase the loan term from 10 years to 15 years so in poor water years when he would be making the payment it would better match his wage income.

Signing Parties:	Richard and Tony Kevan
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Loan Amount:	\$80,000	Term:	15 years	Rate:	4 %
Conditions:	<ul style="list-style-type: none"> · ISCC to be secured by an insured 1st R/E mortgage on 155 acres · Value of R/E to be established by an acceptable evaluation source <ul style="list-style-type: none"> ○ ISCC to be secured by the pivot system ○ ISCC to secure 1st lien on equipment to be purchased (UCC-1) ○ Secured equipment to be insured for life of loan ○ Tony Kevan to sign as a co-signer. 				
Disposition:	Changes approved as requested.				

Grindstaff moved to extend the term of the loan to 15 years with the other conditions as recommended by the loan officer. Rush seconded and the motion carried.

Bill Newman – Loan A-345

Mr. Newman is requesting that the remainder of his 2006 payment be made through monthly payments of \$500.00 until covered. The total amount of the annual payment is \$9,218.80. A payment of \$1, 500.00 was received on 12/12/05 for a January 1 due date. An additional payment of \$3,000.00 was received on January 12, 2006, leaving a balance of \$4,754.37 and \$35.17 in default interest to February 1, 2006. Newman has committed to \$500.00 per month payments starting in February and ending with a payment of \$310.51 in November 2006. No default will be collected as long as the monthly payments are received prior to the 11th of every month.

Kent Thibault – Loan A-346

Mr. Thibault has requested that his payment due date be changed to May 1, as that is when he sells his cattle, which will provide funds for this payment. He would also like to reduce his payment amount by extending the maturing date of the loan. The loan is secured with a second mortgage and a UCC on wheel lines and a pump. He will pay interest and default interest current to May 1, 2006 in the amount of \$1,353.00. The principal balance of \$26,790.19 will be re-amortized over five years, with annual payments of \$5,849.76 beginning on May 1, 2007 and continuing until May 1, 2011.

Calvin Chatfield – A-296

A subordination agreement has been requested. Mr. Chatfield has purchased property from his father and is refinancing that property, building a shop and remodeling his home for \$40,000. Zion's Bank is financing this and has requested a subordination of our

interest in the pivot. The first mortgage to Wells Fargo was released on April 11, 2003 and verified with Lincoln County.

All three of these servicing actions have been approved by Jerry Nicolescu and are presented today for informational purposes. There are also some commitment extensions being requested: Jon Koehn, Jerald Koehn, Robert Holloway and Jim Herd are requesting an extension to September 21st. Bryan Ravenscroft also requested an additional extension to September 13, 2006. Grindstaff moved to approve all three extensions. Rush seconded and the motion carried.

State Revolving Fund (Policy discussion)

Mastin distributed copies of a proposal for the Indian Creek Daylighting and Restoration Project. They would like to begin this project in September 2006. They are working to see if DEQ would be willing to rank this project. At this point, approximately \$5,000,000 is needed for the total project. They would probably be requesting approximately \$2.5 million to complete this project. Indian Creek is fairly large and runs a substantial amount of water. At this point, there is no formal application because the application was received past DEQ's deadline.

Former Commission Member Recognition

Evans stated that he would like to have a letter written to Johnston and Reid thanking them for the valuable service. Grindstaff moved to send Tom Johnston and Jerry Reid certificates of appreciation for their work on the Commission. Rush seconded and the motion carried.

Division II Funding

Nicolescu presented a request from Division II to hold a Grazing Conference. The conference would provide education on grazing issues, ESA, and the Clean Water Act. They have several speakers lined up from Universities. Stinson reported that WSU has an extension video. There were 130 participants at the last conference. They are requesting \$1,000.00 from the Commission to support this conference next year. Total cost of the conference last year was almost \$6,000.00. They have secured sponsors for the conference and have charged a small registration fee. Grindstaff moved to provide \$1,000.00 for the Division II AFO Grazing Conference Committee, contingent upon NRCS providing funding as well. Rush seconded and the motion carried.

NACD Conservation Delivery System Conference

Nicolescu stated that last year, he and Evans had attended Phase I of this conference, held in Utah. The second phase of the program is being held in Louisville, Kentucky on April 11 and 12th. Nicolescu asked the members if they would like to send anyone to attend this conference. Evans felt it was worthwhile to attend. Wayne Newbill also attended this conference. The Association has not had time to determine if they would

like to send anyone to the conference either. Grindstaff moved to send two people to the conference, if time permits, either a Commission member and one staff person, or two staff members, to attend this conference. Rush seconded and the motion carried.

Executive Session

Grindstaff moved to enter Executive Session. Rush seconded. Roll Call Vote – Rush – Aye; Grindstaff – Aye; Evans – Aye. Motion carried. Entered Executive Session at 1:00 p.m.

The Commission adjourned from Executive Session at 1:35 p.m.

Rush moved that the Commission request BPA send the Commission an official letter regarding their stance on the project in the Custer area. Grindstaff seconded and the motion carried.

Water Quality Program for Agriculture and Conservation Improvement Grants

Burleigh presented summaries of three applications to the Water Quality Program for Agriculture (WQPA) and six applications to the Conservation Improvement Grant Program.

The WQPA projects are different from grants because they are multi-year, multi project proposals intended to treat TMDL or ESA issues.

The first project is the Salmon Falls Watershed TMDL Implementation Project as sponsored by the Twin Falls and Balance Rock SWCDs. The request is for \$382,812. The Salmon Falls Creek watershed is listed as water quality limited for sediment and temperature. The creek discharges directly into the Middle Snake River is listed for sediment, bacteria and total phosphorus. The project treatment will focus on: 1) the installation of fencing and off-stream water developments within the Salmon Falls Creek HUC in areas impacted by grazing, and 2) implementing irrigation water management and increasing irrigation efficiencies through conversion from surface to sprinkler irrigation in critical areas along the canyon of Salmon Falls Creek with direct access to the creek. The project is intended to integrate with EQIP and 319 nonpoint source grants.

The second project is the Idaho Association of Soil Conservation Districts Division I TMDL Implementation Project as sponsored by IASCD Division I SWCDs for \$528,000 from WQPA funds. This project would combine WQPA and EQIP funding to accelerate agricultural water quality treatment of TMDL watershed to enhance threatened Bull Trout habitat. The enhanced cost-sharing will apply to streambank/channel stabilization, sediment delivery, livestock distribution, and wetland best management practices. Management practices, such as residue management, nutrient management, and pasture and hayland planting will be cost-shared by NRCS through EQIP at the current cost list rate.

The third project is the Burley/Marsh Creek Nitrate Priority Area Irrigation Conversion Project sponsored by the West Cassia SWCD. The WQPA cost would be \$131,713. Recourse concerns include surface-induced soil erosion and leaching of nutrients as a result of surface irrigation practices. The project will address these concerns by combining WQPA funds with EQIP funds within six (6) contracts, to accelerate the conversion of flood to sprinkler irrigation for the purpose of achieving irrigation water management and to increase irrigation and nutrient application efficiencies. The existing contracts are all 2005 EQIP contracts. Because of large price increases in materials used for sprinkler systems, a significant disparity exists between the EQIP cost-share amounts and the actual cost to buy and install these systems. These 2005 EQIP contracts are not eligible for additional incentives offered through the program. As proposed, WQPA funds would complement EQIP cost-sharing for the irrigation system and irrigation water conveyance components of these contracts for up to 75% of the costs.

Grindstaff moved to place all three projects on the priority list. Rush seconded. Rush stated that his only concern is that with the large dollar amounts, other smaller projects might be squeezed out. Nicolescu explained that funding for WQPA ebbs and flows. If there is not a good year for putting BMPs on the ground, there might be a budget surplus in June. We try to keep enough projects planned so that the money can be used quickly if needed. After conclusion of the discussion, the motion carried.

Burleigh distributed copies of the policy guidelines for Conservation Improvement Grants. It was pointed out by the auditors that the policy is somewhat inconsistent with how grants have been provided in the past. Burleigh is requesting clarification of the policy, particularly under Section III, Terms of Policy Guidelines. Rush moved to amend the policy to strike the second sentence in Section III Terms (c). Grindstaff seconded. Motion carried. Grindstaff moved to add the words "unless otherwise authorized" to Section III Terms (A) of the policy guidelines. Rush seconded and the motion carried.

Burleigh next distributed copies of six grant requests. The first request is from multiple landowners (William Phil Hansen, Don Paul Jenkins, Richard Mathews, Clinton W. Peck, Doug Porter, Landell A. Westerberg, and Sherman Toone) from the Caribou SCD for a \$70,000 grant. This project affects over 1400 acres and seven owners/operators. An irrigation ditch has supplied water to these owners, but the ditch has some areas that require a high level of maintenance. The resource problem includes gully erosion from the ditch down cutting, and subsurface water which escapes the ditch causing difficulty in farming the areas by the ditch. Water from this ditch that is not used to irrigate is returned to the Bear River with the resulting potential for sediment deposits in this TMDL water body. The Bear River is listed as water quality limited for sediment in the reach where this water is returned. The project entails a cooperative effort among the seven owner/operators in replacing the dirt delivery ditch with underground pipe, installing a pump takeout structure and an inlet structure as well as an outlet structure to slow the velocity before the water leaves the system.

The proposed system, including eliminating the dirt conveyance ditch, will conserve water and eliminate soil erosion and ditch wash-outs. Projected soil savings alone from installation of this pipeline is 105 tons per year, with resulting reductions in sediment

delivery to the Bear River. The pipeline conveyance system will also lower operating expenses and improve yields. A pipe inlet screen structure, as part of the system, will help with weed control, and water returned to the Bear River will be cleaner than what has been returned in the past, both for sediment load and seeds from undesirable plants. The landowners have furnished documentation of irrigation water rights and permission to proceed with the project. The landowners have agreed to apportionment of the grant and match as described in this summary.

The second grant request is from Buehlers, Inc. for \$10,000. Evans wants to ensure that this project does not include exterior fencing. This application is to assist with drilling a well and installing a pumping plant, pipeline, two water troughs, and water storage in the Harold Johns Canyon area of Oneida County. The project will address inadequate wildlife cover and shelter, plant community fragmentation, and plant condition health and vigor by providing better water distribution for cattle and wildlife and more water sites for cattle, elk, mule deer, and moose. The new water source will also improve the habitat for Greater Sage Grouse, Columbian Sharp-tail Grouse, Chukars, Blue Grouse, and Ruffed Grouse, and enhance the rangeland for both cattle and wildlife. Program funding for the project is being provided through EQIP and the Idaho Department of Fish and Game, with matching funds coming in equal parts from the applicant, the Southeast Idaho Mule Deer Foundation and Sportsmen for Fish and Wildlife.

The third request is from the St. John Irrigation Group, which is a \$35,324 request from five individuals (Leo Cox, Ron Blasedale, Blair Palmer, Steven Steyner and Harrison) who have formed this group. This project proposes to install a pipeline and replace an irrigation conveyance ditch which supplies water to five landowners. The current delivery ditch is a resource concern because of water losses to seepage and delivery of sediment from incised banks to the Little Malad River, a 303(d) waterbody. In addition, because of its deeply-incised nature, it is difficult to control weeds in this ditch. The immediate resource benefits to be achieved through elimination of the conveyance ditch will be the reduction of sediment delivered to the Little Malad River and better weed control. The conveyance pipeline to be installed will ultimately facilitate conversion of the surface irrigation systems of the five-member St. John Irrigation Group to sprinkler irrigation systems, cost-sharing for which has been applied for through EQIP by all members of the group. Water use efficiency will increase from 50% to 78% with the conversion, allowing more water to stay in the irrigation system, and soil losses will be reduced by nine tons per acre annually.

The next request for grant funds is from the Oregon Trails Subdivision from the Snake River SWCD for a total of \$10,000. The project proposed originated with the Snake River SWCD 319 project, *Management of Small Acreages in the Rock Creek Drainage*. The 319 project is a multi-agency effort including the Snake River SCD, NRCS, DEQ, U of I, ISDA, ISCC, and the Twin Falls Canal Company, and involves educating the landowners of the concepts of nutrient management and irrigation water management. The project was funded under a state-wide status to serve as a model for small acreage situations through out the state. The project proposes to install a pumping plant to pressurize the irrigation water delivery system in the subdivision, and to develop as a demonstration, an efficient, low-maintenance irrigation system for small acreage (2-5 acres) landowners. Eighty five percent (85%) of the homeowners in the subdivision

surface irrigate, which frequently results in over irrigation, deep percolation and surface runoff directly into Rock Creek, a TMDL waterbody. Pressurization of the system will facilitate the use of sprinkler irrigation, thereby eliminating flooding of the pastures, and the consequences of leaching bacteria and nutrients into groundwater, and runoff into Rock Creek.

The fifth request is for the Kinsey Family Ltd. Partnership out of Twin Falls SWCD for \$10,000. This project is for off-site water development to complete an animal feeding operation directly on McMullen Creek, a 303(d) listed waterbody in the Middle Snake River watershed. Previous work in this operation includes relocation of a beef cattle winter feeding area with construction of new corrals, frost-free water troughs, berming to contain run-off, reseeding of the original site and exclusion fencing of McMullen Creek. Funding for the work accomplished to date was from a 319 grant, EQIP, RCRDP loan and RCRDP grant (SCC). The water developments and riparian plantings proposed with this application are the final components of an overall conservation plan providing treatment to one and one half miles of McMullin Creek.

Evans asked if the Oneida project was included in CSP. Burleigh replied that he did not know how CSP would affect this project. Grindstaff stated that he thought the CSP program was to reward producers for implementing conservation practices. Evans stated that he felt these were all good projects.

The final grant request was for Fred Brossy, who was approved for a loan this morning. His request is for a \$10,000 grant to assist with replacing his current gated pipe surface system with a pivot. The applicant is currently surface irrigating a 38 acre field adjacent to the Little Wood River, a TMLD waterbody listed for reduction of the pollutants noted below. Soil erosion rates under this system are estimated to be 3.4 tons/acre/year, for a total of 129 tons per year, a portion of which is subject to delivery to the river as sediment. The project proposal is to replace the current gated pipe surface system with a pivot. The gated pipe was not purchased with assistance from any public incentive program. The pivot system would eliminate irrigation runoff along approximately 1600 feet of the river, and eliminate soil erosion from the field, saving 129 tons of soil annually. The system will also increase irrigation efficiency from 25% to 85%, for a water savings of greater than 80 inches) per acre annually. This water, which was previously diverted for irrigation will then remain in the river system for the improvement of water quality and enhancement of fish habitat. The application has applied for EQIP to assist with project installation.

Burleigh stated that we had been relying upon NRCS certification that projects are completed properly. Hawley reported that Division II has had hours of discussion regarding this very topic.

Grindstaff moved to approve all six grants, specifically authorizing amounts over \$10,000 on the larger grant applications, and excluding exterior fencing on the Buehlers, Inc project in the Oneida district. Rush seconded. In discussion, it was pointed out that no individual requested an amount over \$10,000, but that some of the group grants were larger than \$10,000. Motion carried.

ISDA Report

Takasugi congratulated Commissioner Rush on his appointment and asked why Commissioner Horsch was not present. Nicolescu explained that Horsch had just had surgery. Takasugi apologized for missing the CREP update this morning and asked for a quick update on the program. Nicolescu gave a brief recap of the report given this morning to bring Takasugi up to speed. Takasugi also reported that he sits on the ag air quality task force. Air quality has moved up the ladder and stated the he hopes the Commission will look at air quality as a problem for agriculture. Evans asked how this would affect the grass burning. Takasugi replied that most of the issues have focused on odor issues. There are a few lawsuits, but field burning will continue this year. Grindstaff asked if there are standards in place on odors. There will probably be some standards on ammonia. Right now, Idaho's program on smoke management is probably the best one in the nation. Dust from beef operations have been an ongoing problem, and is bigger than what is being identified as a CAFO issue. Dust, water, nutrient management and other issues are really coming under the microscope. Rush asked if the SCC has a broad enough range to handle air quality issues as they relate to cost share issues. Nicolescu replied that our staff follows NRCS standards and specs (soil, water, air, plants and animals) when putting conservation plans in place. Takasugi feels that this is a natural fit. Nicolescu replied that we do deal with wind erosion, so that is a good fit.

At 2:30 p.m., Commissioner Rush asked to be excused from the meeting to attend a hearing at the legislature. He anticipates returning to the Commission meeting by 4:00 p.m. There will be a dairy MOU review. The ISDA program has been a big success and they are trying to model the beef program after the dairy program. Takasugi reported that there is a lot of talk about the new Farm Bill and that there will probably be critical changes to the program. He stated that discussions on the Farm Bill will probably be delayed for a year. He feels this may be to a disadvantage to the industry and he is concerned about this issue. ISDA has launched a new website regarding Farm Bill discussions and he invited the Commission to participate if there is anything to add.

Takasugi reported that there is a new bill that would allow CRP ground to be included in the smoke management plan. Grain producers were kind enough to sponsor this bill and it looks like its going to be approved. He also mentioned an issue the Bonneville Power Administration has with an area in central Idaho. He stated that he felt that Nicolescu was probably more aware of this issue than he was, but that he wanted to bring it to the members' attention in case we had not yet heard about it. Takasugi stated that there is a big concern with nitrate issues and he stated that he hopes the Commission and Districts would look at assisting producers in those impacted areas. Nicolescu reported that the Commission had just approved two projects in this area.

Takasugi distributed a form that he will be using to evaluate Nicolescu's performance, stating that there is still no clarification as to who is really Nicolescu's boss. He stated that he will likely be conducting this evaluation on a quarterly basis, or as needed. Takasugi also stated that Idaho will have had three governors within one year and that could lead to some significant issues. Evans asked Takasugi if he (Takasugi) had found a section in Idaho Law determining that he is truly Nicolescu's boss. Takasugi stated

that if you read the law, it is rather vague. He stated that the question really is who has the ability to fire Nicolescu. Nicolescu read the section of law to those present. Grindstaff asked if an attorney general's opinion has been received. Nicolescu stated that there is an informal opinion addressing this and other issues. He stated that this is one of the issues the auditors have discussed with him. About nine years ago, an MOU was drafted, but it was never actually signed, and has been tabled indefinitely. Takasugi states that if the auditors make a recommendation, the legislature will hear it. Takasugi stated that he was unaware that the auditors had discussed these issues with the Commission. Hawley asked if Representative Trail's bill on the smoke management issue had made it through the legislature. Takasugi reported that this bill was held in committee.

Evans asked Takasugi about trade issues. Takasugi stated that China is beginning to import beef and that as China's median income increases, so does their need to import additional commodities. Evans thanked Takasugi for his time.

Stormwater Initiative Update

Scott Koberg provided a summary on implementing a watershed-scale sediment basin and wetland system at the mouth of Mason Creek in Canyon County. The system would be used to treat storm water and agriculture return flows in Mason Creek before entering the Boise River. This project has been discussed for several years, but now there is interest from the Governor's office to push this program forward. This could be a great opportunity for the Commission. EPA is starting to push really hard for cities to put stormwater drains in place. There have been several meetings with DEQ, the Governor's office, and Pioneer Irrigation to discuss interest in the project. The City of Boise already had this project designed back in 1999, but the project was never implemented due to a lack of funding. Koberg distributed copies of an article that appeared in Sunday's Idaho Statesman detailing what happens when urban meets ag, and discusses the exact issues that are occurring with Mason Creek. The Mason Creek project has been considered for 319 funding, as well as other grant initiatives in the past, but so far, none of the plans have come to fruition. There is a good chance that this project might actually move forward this time.

Ada SWCD Funding Plan

Koberg has also been working with the Ada SWCD. They are paying for 20% of Koberg's time to help them put projects on the ground. The Ada SWCD will be looking at evolving because of the large urban population in Ada County. The Ada SWCD would like to help plan the future of Ada County. The response from cities and counties within Ada County was significant. There are about seven entities that the Ada SWCD will work with to cooperate on projects.

USBWP Review Team Report (Hohle, Foster, Stinson)

Hohle and Nicolescu distributed copies of the review team's report on the Upper Salmon Basin and a memorandum detailing the review of the USBWP.

This team was put together in early January; the client base for the review as defined and the Upper Salmon Basin Collaboration Partnership was identified as the review focus. (See written report) Both the Lemhi and Custer Boards were active participants in the review. One of the problems in this area was the complete lack of confidentiality amongst all the participants. An Executive Committee was established and several decision points needed to be reviewed. Most participants felt that there is something worth salvaging; however, the degradation of the interpersonal relationships was so bad that it may have made it difficult to salvage. The team agreed to come back in several weeks with some kind of tools to use to recreate a functioning delivery system, including developing an MOU between the Commission and each of the Districts (Custer and Lemhi) to determine how to proceed. Hohle stated that it seems pointless to pursue this until there is new direction from the client base. Stinson added that all of the participants were very committed to conservation practices, but working together had become extremely polarized. There was a strong commitment to try and put some structure together to help the participants work together. A specific goal has not yet been established. There has not been much growth in the program from when it started ten years ago. A complex management system would be needed to meet all the competing needs and efforts. If structure could be put in place, some of the conflict might be reduced. Evans thanked the review team for their time and efforts. He felt that the time was very meaningful and he hoped that some lessons were learned from this process. Evans thanked each of the members of the review team for their time and efforts. Evans also stated that there are so many good projects occurring across the state that we will move forward with those who want to cooperate.

State Revolving Fund Loan Requests

Lower Payette Ditch Company (Ron Shurtleff, Peggy Murph)

Claude Bruce introduced Chuck Pollock and Ron Shurtleff. They are putting together a proposal for this project. Shurtleff stated that the Lower Payette Ditch Company is a water delivery company that has delivered water to the Payette Valley since 1882. Its canal now stretches 35 miles and supplies water to 13,000 acres. The project will replace the aging horse and plan diversion dam on the Payette River. The dam is essential to the Ditch Company to force water into their delivery canal. The old structure, built in 1921, has come to the end of its useful life; the concrete bed structure has deteriorated, broken, and become misaligned, allowing water to undermine steel stirrups that have corroded away, making the dam deployment difficult. About twenty years ago, it was determined that a bladder dam would be the best way to replace the existing dam. They had approval from the federal government for a direct appropriation to complete the project. Unfortunately, funding for the project was diverted due to the start of the Gulf War four years ago. This dam will include passage for boats and fish, and will give automatic stage control providing consistent delivery in the canal. The loan officer notes that the project has received funding from Idaho Water Resources, but the terms and repayment period is not as favorable as the SRF program. They have ordered the bladder and will start work in the river at the end of

September 2006. There are several ways that the company could fund this project and they have a solid ability to repay the loan. By splitting the loan, \$624,000 would come from the direct appropriation, \$435,000 would remain with water resources and the balance of funds, approximately \$800,000.00 would come from the Commission's SRF program. They are requesting a twenty year contract length to allow for poor water years. There are about 450 accounts, some of which are laterals, which puts the number of users to over 1,000. Many of them are commercial users. Mastin pointed out that they have applied to DEQ for the current funding cycle. Mastin recommends approval with the terms and conditions listed below, including that DEQ fund the project and that value is agreed upon for the water rights. The Water Resource Board is willing to split the water rights with the Commission to secure the loan. Mastin stated that this project does fit the criteria of the SRF program. We would receive a ranking from DEQ in June to determine if the project would be funded. Grindstaff asked if the Ditch Company can wait for approval until the telephone conference call in April or until the next Commission meeting in May. The main concern of the ditch company today was to ensure that this project meets the Commissions guidelines for SRF funding. This would be the biggest conservation project the Ditch Company has undertaken. Shurtleff asked which funding scenario the Commission would prefer to fund. The Members stated that they would prefer to loan the full \$1.2 million, but that it is important to maintain relationships as well, so they would likely honor the first choice for funding of the company.

Signing Parties:	Lower Payette Ditch Company (Ron Shurtleff, Peggy Murph)		
Loan Amount:	\$1,280,300.00	Term:	20 Years
		Rate:	4 %
Conditions:	<ul style="list-style-type: none"> · ISCC to secure water rights. · Insurance on the structure for the life of the loan. · Loan approval is subject to funds availability by DEQ 		
Disposition:	No vote due to lack of quorum		

Lyndsey Lateral Water Users Association (Lynn Tominaga)

This area has had water rights since 1878 and is one of the oldest water rights in the valley. A feasibility study was conducted to determine the best time of project to implement. This project will convert from flood irrigation to pressurized irrigation systems on over 51 acres of 190 homeowners. This project is located on the Boise Bench and most parcels are two acres in size. This would conserve water and will help reduce storm water runoff because there will be zero discharge into the waste water system. This project was originally ranked 29th by DEQ, but after a discussion with DEQ, the project funding has become available because of the non-point source issues that could be addressed. A local improvement district is being formed. Sixty percent of the resident owners in the area are required to form the local improvement district. So far, 62% of the homeowners have approved the project. They are in the process of verifying all the signatures and this will come up for a hearing in a couple of weeks. Boise City will become the sponsor of the local improvement district and would enforce

the tax liens. They could afford this loan at three percent interest, but any more than that would not be possible due to the low income of the residents in the area and the rising costs of supplies. A higher interest rate will kill the project. In addition to the water rights, the pumps could also be used as collateral. Mastin recommends approval at 3% interest and adequate collateral position – 70% loan to current value. The project costs were updated in February 14, 2006. A meeting with DEQ was held on February 3, 2006, wherein DEQ stated that funds were available for the project, though there is no signed contract (yet) for these funds. Water right information is as follows: 2.3 cfs, 959.8 acre feet. It was verified that no lien is being held, but it is under review by the Snake River Adjudication Board. Details of the loan request are listed below:

Signing Parties: Lyndsey Lateral Water Users Association (Lynn Tominaga)			
Loan Amount:	\$1,700,000.00	Term:	20 Years
		Rate:	4 %
Conditions:	<ul style="list-style-type: none"> · ISCC to secure all water rights for the project. · Loan approval is subject to funds available from DEQ. 		
Disposition:	No vote due to lack of quorum		

Mastin asked that the current contract with DEQ for SRF funding be reviewed and that the members authorize Jerry to sign the agreement as soon as possible. A conference call will be needed to approve the SRF requests, and sign the new agreement with DEQ for the funding. Mastin also has a number of RCRDP loans that will need review at the April conference call. Thomasson and Mastin will work together to schedule the conference call, which will be held tentatively on April 13th, if that date will work for the two members not present.

SCC Budget Bill

Nicolescu distributed copies of the Commission's appropriations bill for FY07. The bill is House Bill 818. The second page details the major totals of the appropriation. Nicolescu reviewed the appropriations bill with the members. We have a total budget of nearly \$5,000,000.00 for the next fiscal year. Senate Bill 1363 is the bill that deals primarily with employee compensation and it will address equitability issues.

The meeting adjourned at 5:00 p.m.